

CDBG PROGRAM

INTERIM FINANCING LOAN

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide short-term cash flow relief for a company.

AUTHORIZATION

Public Law 93-383, Title I of the Housing & Community Development Act of 1974, as amended; 24 CSR Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

HOW THE PROGRAM WORKS

Upon application by a city or county, the department may provide a loan to a business.

ELIGIBLE AREAS

Projects can only be in a "non-entitlement" area - a city under 50,000 in population or a county under 200,000 in population.

ELIGIBLE SPONSOR APPLICANTS

Cities and counties.

ELIGIBLE BENEFICIARY BUSINESSES

For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized.

ELIGIBLE USE OF FUNDS

- ✓ The purchase of new machinery and equipment or working capital is eligible.
- ✓ Refinancing, pay out of stockholders, buyouts or lines of credit are not eligible.

APPLICATION PROCEDURE

An application must be submitted by the Sponsor on behalf of the business. Applications are reviewed on a case-by-case basis, subject to fund availability.

FUNDING LIMITS

DED will determine the amount of funds based on the need and state economic impact.

- ✓ **Interest Rate:** Determined by DED, and the principal and interest is deferred until the end of the term.
- ✓ **Term:** Typically 18 months.
- ✓ **Collateral:** Letter of Credit from financial institution.

SPECIAL PROGRAM REQUIREMENTS

- ✓ **LMI Employees:** At least 51% of the new jobs to be created must be taken by persons considered "low to moderate income" (LMI).
- ✓ **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

CONTACT



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ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for the Interim Financing Loan Program as well as information regarding Missouri's many other economic development programs and policies.